

Senate Bill No. 406

Passed the Senate September 11, 2009

Secretary of the Senate

Passed the Assembly September 11, 2009

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day
of _____, 2009, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Section 65040.6 of, and to add Section 65083 to, the Government Code, to amend Sections 41081, 44223, and 44225 of the Health and Safety Code, to amend Section 75125 of the Public Resources Code, and to amend Sections 9250.2 and 9250.17 of, and to add Section 9250.6 to, the Vehicle Code, relating to land use.

LEGISLATIVE COUNSEL'S DIGEST

SB 406, DeSaulnier. Land use: environmental quality.

The Planning and Zoning Law establishes the Planning Advisory and Assistance Council in the Office of Planning and Research, and prescribes the membership and duties of the council.

This bill would change the designated membership, as specified, of the Planning Advisory and Assistance Council and would require that the council work with the Strategic Growth Council, regional agencies, and cities and counties to facilitate the implementation of regional blueprint plans. The bill would also require the council to develop and propose recommendations to specified state agencies to facilitate coordination between regional blueprint plans, state growth and infrastructure funding plans, and programs that facilitate the implementation of regional blueprint plans. The bill would further require the council to report to the Legislature on regional performance measures, as specified, and on the manner in which state agencies are implementing the 5-year infrastructure plan. The bill would require the council to begin to perform the above functions and duties when sufficient funding, as determined by the council, exists from the revenue transmitted to it by metropolitan planning organizations, councils of governments, or county transportation commissions and subregional councils of governments jointly preparing subregional sustainable communities strategies.

Existing law authorizes a local air quality management district, except the Sacramento district, that has been designated by the State Air Resources Board as a state nonattainment area for any pollutant emitted by motor vehicles to levy a fee of up to \$6 on motor vehicles registered within the district, subject to specified

conditions. Existing law also authorizes the board of the Sacramento district, subject to specified provisions of law or with the approval of the board of supervisors of each county included, in whole or in part, within the district, to adopt a surcharge, not to exceed \$6, on the motor vehicle registration fees applicable to all motor vehicles registered in those counties within the Sacramento district whose boards of supervisors have adopted a resolution approving the surcharge, subject to additional specified conditions.

The bill would require, upon the request of a municipal planning organization, as defined, a council of governments, as defined, or a county transportation commission and a subregional council of governments jointly preparing a subregional sustainable communities strategy, the Department of Motor Vehicles to increase the fee on motor vehicles within the district, or the surcharge on motor vehicles registered in those counties within the Sacramento district, as the case may be, by \$1 or \$2. The bill would require the department to transmit the additional fee revenue to the respective entity requesting the increase. The bill would authorize the additional fee amount to be authorized only if the metropolitan planning organization, the council of governments, or the county transportation commission and the subregional council of governments jointly preparing a subregional sustainable communities strategy adopts a resolution, as specified, authorizing the additional fee. The additional fee would be required to apply to an original vehicle registration occurring on or after 6 months following the adoption of the resolution, as specified, and to a renewal of registration with an expiration date on or after that 6-month period. The bill would require that all revenue received by the metropolitan planning organization, the council of governments, or a county transportation commission and a subregional council of governments jointly preparing a subregional sustainable communities strategy pursuant to the above provisions be used solely to develop a sustainable communities strategy or a regional blueprint plan to identify land use strategies to reduce the use of motor vehicles in its jurisdiction and to carry out applicable transportation-related activities necessary to implement the plan, in order to achieve a specified greenhouse gas emission reduction target. The bill would also require that the additional fee revenue that exceeds \$1 in specified jurisdictions be used to provide grants to cities, counties, cities and counties, and congestion management

agencies for planning and projects related to the implementation of a regional blueprint plan, and 5% of all the revenue it receives from the first \$1 of the additional fee to be transmitted to the council for performance of specified functions. The bill would make conforming changes to existing law.

The bill would state the intent of the Legislature to update the duties and composition of the Planning Advisory and Assistance Council to assist in the state's land use planning processes by providing funding to support the development and implementation for regional blueprints and related planning and to work with state agencies providing funding for resource protection and local infrastructure to facilitate coordination between state planning and funding decisions and regional blueprints.

The people of the State of California do enact as follows:

SECTION 1. (a) The Legislature finds and declares the following:

(1) Uncoordinated and unplanned growth together with a lack of common goals to effect the public's interest in the conservation and wise use of our lands pose a threat to the environment, sustainable economic development, and the health, safety, and high quality of life enjoyed by residents of this state.

(2) The enactment of Senate Bill 375 of the 2007–08 Regular Session (Chapter 728 of the Statutes of 2008) and the establishment of requirements for regional transportation plans to address greenhouse gases can only be successfully implemented if regional and local governments have the tools they need to collaboratively plan for the type of growth that can achieve these goals, and if that collaborative planning is coordinated with the efforts of the Governor's Strategic Growth Council and other state agencies as required by the enactment of Senate Bill 732 of the 2007–08 Regular Session (Chapter 729 of the Statutes of 2008).

(3) The successful development of sustainable communities strategies as part of regional transportation plans and implementation of those strategies by the amendment of city and county general and specific plans will result in significantly reduced vehicle travel. The reduced travel will reduce greenhouse gas emissions and air pollution and provide environmental benefits that mitigate the adverse impacts associated with vehicle use. The

resulting reduction in traffic congestion provides a user benefit to all vehicle owners which is at least equal in value to a fee of \$2 per vehicle annually.

(4) Cooperation between regional and local governments and air districts is essential to the achievement of the greenhouse gas emission reductions envisioned in regional transportation plans.

(5) Therefore, it is in the public interest that state residents, communities, local governments, air districts, and the private sector cooperate and coordinate with one another in comprehensive, sustainable land use planning.

(b) It is the intent of the Legislature to update the duties and composition of the Planning Advisory and Assistance Council to assist in the state's land use planning processes by providing funding to support the development and implementation for regional blueprints and related planning and to work with state agencies providing funding for resource protection and local infrastructure to facilitate coordination between state planning and funding decisions and regional blueprints.

SEC. 2. Section 65040.6 of the Government Code is amended to read:

65040.6. (a) The Planning Advisory and Assistance Council is hereby created within the office, the membership of which shall be as follows: three city representatives; three county representatives; seven representatives of regional planning organizations; one member of the State Air Resources Board; one member of the California Transportation Commission; one member of the State Energy Resource Conservation and Development Commission; one member appointed by the Speaker of Assembly; one member appointed by the Senate Committee on Rules; and one representative of Indian tribes and bands which have reservations or rancherias within California. The city and county representatives appointed pursuant to this subdivision shall be selected by the director from nominees submitted by the League of California Cities and by the California State Association of Counties. Representatives of regional planning organizations appointed pursuant to this subdivision shall be selected by the director from nominees submitted by the regional planning organizations set forth in paragraphs (1) to (5), inclusive, of subdivision (b) and from nominees submitted by the California Association of Councils of Governments for the representatives

of organizations set forth in paragraphs (6) and (7) of subdivision (b). The representative of Indian tribes and bands shall be a member of one tribe or band, and shall be selected by the director.

Appointment to the advisory council shall be for a term of two years, provided that the members of the first council shall classify themselves by lot so that one-half shall serve an initial term of one year and one-half shall serve an initial term of two years. Vacancies shall be filled in the same manner provided for the original appointment.

(b) Seven of the council's members shall be from the governing body of each of the following:

(1) The Southern California Association of Governments.

(2) The Metropolitan Transportation Commission or the Association of Bay Area Governments. The person appointed to the council pursuant to this paragraph shall be a member of the governing body for both the Metropolitan Transportation Commission and the Association of Bay Area Governments.

(3) The San Diego Association of Governments.

(4) The Sacramento Area Council of Governments.

(5) The San Joaquin Valley Regional Policy Council.

(6) A metropolitan planning organization or council of governments that is not identified in paragraphs (1) to (5), inclusive.

(7) A regional transportation planning agency, as defined in Section 65080, that is neither a metropolitan planning organization nor a council of governments.

(c) The council shall provide such advice as may be necessary to assist the office in discharging the requirements of Sections 65040 to 65040.4, inclusive. In particular, the council shall:

(1) Assist the office in the preparation of the state long-range goals and policies, in the manner specified in subdivision (a) of Section 65040.

(2) Evaluate the planning functions of the various state agencies involved in planning, in the manner specified in subdivision (c) of Section 65040.

(3) Make appropriate decisions and provide such advice and assistance as may be required by federal statute or regulation in connection with any federal program administered by the office.

(4) Work with the Strategic Growth Council, created pursuant to Section 75121 of the Public Resources Code, regional agencies,

such as metropolitan planning organizations or councils of governments, and with cities and counties to facilitate the implementation of regional blueprint plans.

(5) Develop and propose recommendations to the Strategic Growth Council, created pursuant to Section 75121 of the Public Resources Code, the Department of General Services, the State Allocation Board, the Department of Housing and Community Development, the Department of Transportation, the California Transportation Commission, and any other state agencies that affect land use, housing, or transportation in order to facilitate coordination between regional blueprint plans, state growth and infrastructure funding plans, and programs that facilitate the implementation of regional blueprint plans.

(6) Receive reports, including, but not limited to, a copy of the five-year infrastructure plan described in Section 13102.

(7) Report to the Legislature, in consultation and coordination with the Strategic Growth Council, created pursuant to Section 75121 of the Public Resources Code, on the manner in which state agencies are implementing the requirements of Chapter 1016 of the Statutes of 2002.

(8) Report to the Legislature on regional performance measures, evaluating the progress of each region of the state in improving results for its residents in employment, environmental protection, education, housing, mobility, and other criteria as determined by the council. The council shall provide the Legislature with updates to the report periodically, as the council determines is required.

(d) The council shall meet on call of the director of the office, who shall convene at least two council meetings during each year.

(e) Council members shall serve without compensation, but they may be reimbursed for actual expenses incurred in connection with their duties.

(f) The council shall begin to perform the functions and other duties set forth in paragraphs (4) to (8), inclusive, of subdivision (c) when sufficient funding, as determined by the council, exists from the revenue transmitted to it by metropolitan planning organizations, councils of governments, or county transportation commissions and subregional councils of governments jointly preparing subregional sustainable communities strategies pursuant to subdivision (b) of Section 65083.

SEC. 3. Section 65083 is added to the Government Code, to read:

65083. (a) Upon the request of a metropolitan planning organization, as defined in Section 134 of Title 23 of the United States Code, a council of governments, as defined in Section 65582, or a county transportation commission and a subregional council of governments jointly preparing a subregional sustainable communities strategy pursuant to subparagraph (C) of paragraph (2) of subdivision (b) of Section 65080, the Department of Motor Vehicles shall increase the fee imposed by Section 9250.2 or 9250.17 of the Vehicle Code by one dollar (\$1) or two dollars (\$2) pursuant to Section 9250.6 of the Vehicle Code, on a motor vehicle registered to an owner with an address in its jurisdiction. The department shall transmit the additional fee revenue to the metropolitan planning organization, the council of governments, or the county transportation commission and subregional council of governments jointly preparing a subregional sustainable communities strategy that requested the fee increase. The additional fee amount may be authorized only if the metropolitan planning organization, the council of governments, or a county transportation commission and a subregional council of governments jointly preparing a subregional sustainable communities strategy adopts a resolution authorizing the additional fee amount. A resolution by the Metropolitan Transportation Commission or the Association of Bay Area Governments to authorize the additional fee amount shall be jointly adopted by resolution of both of those entities, and the revenue from the additional fee amount shall be divided in accordance with an agreement between these two entities. A resolution by a county transportation commission or a subregional council of governments within the jurisdiction of the Southern California Association of Governments shall be jointly adopted by resolution of both of the entities, and the revenue from the additional fee amount shall be divided in accordance with an agreement between the two entities. The additional fee shall apply to an original vehicle registration occurring on or after six months following the adoption of the resolution by the metropolitan planning organization, council of governments, or a county transportation commission and a subregional council of governments jointly preparing a sustainable communities strategy

and to a renewal of registration with an expiration date on or after that six-month period.

(b) All revenue received pursuant to subdivision (a) shall be used by the metropolitan planning organization, the council of governments, or a county transportation commission and a subregional council of governments jointly preparing a subregional sustainable communities strategy solely to develop a sustainable communities strategy or a regional blueprint plan to identify land use strategies to reduce the use of motor vehicles in its jurisdiction and carry out applicable transportation-related activities necessary to implement the plan, and thereby achieve the greenhouse gas emission reduction target as specified in Section 65080, and to implement a sustainable communities strategy or regional blueprint plan that achieves the greenhouse gas emission reduction target as specified in Section 65080. If the additional fee exceeds one dollar (\$1), all amounts above one dollar (\$1) in a jurisdiction with a population greater than 300,000 shall be used to provide grants to cities, counties, cities and counties, and congestion management agencies for planning and projects related to the implementation of a regional blueprint plan. The metropolitan planning organization, the council of governments, or a county transportation commission and a subregional council of governments jointly preparing a subregional sustainable communities strategy shall transmit 5 percent of all revenue it receives from the first one dollar (\$1) of the additional fee imposed pursuant to this section to the Planning Advisory and Assistance Council within the Office of Planning and Research to perform the functions specified in subdivision (f) of Section 65040.6.

(c) The metropolitan planning organization, the council of governments, or a county transportation commission and a subregional council of governments jointly preparing a subregional sustainable communities strategy, may, pursuant to an agreement with the local air quality management district that has responsibility over the jurisdiction, divide revenues received pursuant to this section jointly with the local air quality management district.

(d) All revenue received by the local air quality management district pursuant to subdivision (c) shall be used to assist local and regional governments in reducing greenhouse gas emissions. Appropriate manners of assistance include, but are not limited to, all of the following:

(1) Assistance in the development of a subregional sustainable communities strategy.

(2) Assistance in the development of local greenhouse gas emission inventories.

(3) Assistance in the development of greenhouse gas emission reduction strategies in general plans.

(4) Development and assistance of CEQA guidelines and review of greenhouse gas emissions in CEQA analyses.

(5) Consultation and development of local climate action plans.

(6) Project specific consultation work to reduce greenhouse gas emissions from local transportation and land use decisions.

(e) For purposes of this section, a sustainable communities strategy and an alternative planning strategy shall both be considered to be a regional blueprint.

SEC. 4. Section 41081 of the Health and Safety Code, as amended by Section 2 of Chapter 707 of the Statutes of 2004, is amended to read:

41081. (a) Subject to Article 3.7 (commencing with Section 53720) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code, or with the approval of the board of supervisors of each county included, in whole or in part, within the Sacramento district, the Sacramento district board may adopt a surcharge on the motor vehicle registration fees applicable to all motor vehicles registered in those counties within the Sacramento district whose boards of supervisors have adopted a resolution approving the surcharge. The surcharge shall be collected by the Department of Motor Vehicles and, after deducting the department's administrative costs, the remaining funds shall be transferred to the Sacramento district. Prior to the adoption of any surcharge pursuant to this subdivision, the district board shall make a finding that any funds allocated to the district as a result of the adoption of a county transportation sales and use tax are insufficient to carry out the purposes of this chapter.

(b) The surcharge shall not exceed six dollars (\$6).

(c) After consulting with the Department of Motor Vehicles on the feasibility thereof, the Sacramento district board may provide, in the surcharge adopted pursuant to subdivision (a), to exempt from all or part of the surcharge any category of low-emission motor vehicle.

(d) Funds received by the Sacramento district pursuant to this section shall be used by that district as follows:

(1) The revenues resulting from the first four dollars (\$4) of each surcharge shall be used to implement reductions in emissions from vehicular sources, including, but not limited to, a clean fuels program and motor vehicle use reduction measures.

(2) The revenues resulting from the next two dollars (\$2) of each surcharge shall be used to implement the following programs that achieve emission reductions from vehicular sources and off-road engines, to the extent that the district determines the program remediates air pollution harms created by motor vehicles on which the surcharge is imposed:

(i) Projects eligible for grants under the Carl Moyer Memorial Air Quality Standards Attainment Program (Chapter 9 (commencing with Section 44275) of Part 5).

(ii) The new purchase, retrofit, repower, or add-on of equipment for previously unregulated agricultural sources of air pollution, as defined in Section 39011.5, within the Sacramento district, for a minimum of three years from the date of adoption of an applicable rule or standard, or until the compliance date of that rule or standard, whichever is later, if the state board has determined that the rule or standard complies with Sections 40913, 40914, and 41503.1, after which period of time, a new purchase, retrofit, repower, or add-on of equipment shall not be funded pursuant to this chapter. The district shall follow any guidelines developed under subdivision (a) of Section 44287 for awarding grants under this program.

(iii) The new purchase of schoolbuses pursuant to the Lower-Emission School Bus Program adopted by the state board.

(iv) An accelerated vehicle retirement or repair program that is adopted by the state board pursuant to authority granted hereafter by the Legislature by statute.

(e) Not more than 5 percent of the funds collected pursuant to this section shall be used by the district for administrative expenses.

(f) No project funded by the program shall be used for credit under any state or federal emissions averaging, banking, or trading program. No emission reduction generated by the program shall be used as marketable emission reduction credits or to offset any emission reduction obligation of any person or entity. Projects involving new engines that would otherwise generate marketable

credits under state or federal averaging, banking, and trading programs shall include transfer of credits to the engine end user and retirement of those credits toward reducing air emissions in order to qualify for funding under the program. A purchase of a low-emission vehicle or of equipment pursuant to a corporate or a controlling board's policy, but not otherwise required by law, shall generate surplus emissions reductions and may be funded by the program.

(g) This section shall remain in effect only until January 1, 2015, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2015, deletes or extends that date.

(h) If an increase in the surcharge authorized by subdivision (a) is authorized by a metropolitan planning organization pursuant to Section 65083 of the Government Code, preparing a sustainable communities strategy, the Sacramento district shall not be subject to the conditions on that authorization contained in this section.

SEC. 5. Section 44223 of the Health and Safety Code is amended to read:

44223. (a) In addition to any other fees specified in this code, the Vehicle Code, and the Revenue and Taxation Code, a district, except the Sacramento district, which has been designated by the state board as a state nonattainment area for any pollutant emitted by motor vehicles may levy a fee of up to two dollars (\$2) on motor vehicles registered within the district. A district may impose the fee only if the district board adopts a resolution providing for both the fee and a corresponding program for the reduction of air pollution from motor vehicles pursuant to, and for related planning, monitoring, enforcement, and technical studies necessary for the implementation of, the California Clean Air Act of 1988 (Chapter 1568 of the Statutes of 1988).

(b) In districts with nonelected officials on their boards, a resolution adopted pursuant to subdivision (a) shall be approved by both a majority of the board and a majority of the board members who are elected officials.

(c) A fee imposed pursuant to this section shall become effective on either April 1 or October 1, as provided in the resolution adopted by the board pursuant to subdivision (a).

(d) If an increase in the surcharge authorized by subdivision (a) is authorized pursuant to Section 65083 of the Government Code by a metropolitan planning organization, a council of governments,

or a county transportation commission and a subregional council of governments jointly preparing a sustainable communities strategy, the district shall not be subject to the conditions on that authorization contained in this section.

SEC. 6. Section 44225 of the Health and Safety Code, as amended by Section 3 of Chapter 707 of the Statutes of 2004, is amended to read:

44225. A district may increase the fee established under Section 44223 to up to six dollars (\$6). A district may increase the fee only if the following conditions are met:

(a) A resolution providing for both the fee increase and a corresponding program for expenditure of the increased fees for the reduction of air pollution from motor vehicles pursuant to, and for related planning, monitoring, enforcement, and technical studies necessary for the implementation of, the California Clean Air Act of 1988 is adopted and approved by the governing board of the district.

(b) In districts with nonelected officials on their governing boards, the resolution shall be adopted and approved by both a majority of the governing board and a majority of the board members who are elected officials.

(c) An increase in fees established pursuant to this section shall become effective on either April 1 or October 1, as provided in the resolution adopted by the board pursuant to subdivision (a).

(d) This section shall remain in effect only until January 1, 2015, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2015, deletes or extends that date.

(e) If a metropolitan planning organization, council of governments, or a county transportation commission and a subregional council of governments jointly preparing a sustainable communities strategy, authorizes an increase in the fee pursuant to Section 65083 of the Government Code, the district shall not be subject to the conditions on that authorization contained in this section.

SEC. 7. Section 75125 of the Public Resources Code is amended to read:

75125. The council shall do all of the following:

(a) Identify and review activities and funding programs of member state agencies that may be coordinated to improve air and water quality, improve natural resource protection, increase the

availability of affordable housing, improve transportation, meet the goals of the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code), encourage sustainable land use planning, and revitalize urban and community centers in a sustainable manner. At a minimum, the council shall review and comment on the five-year infrastructure plan developed pursuant to Article 2 (commencing with Section 13100) of Chapter 2 of Part 3 of Division 3 of the Government Code and the State Environmental Goals and Policy Report developed pursuant to Section 65041 of the Government Code.

(b) Recommend policies and investment strategies and priorities to the Governor, the Legislature, and to appropriate state agencies to encourage the development of sustainable communities, such as those communities that promote equity, strengthen the economy, protect the environment, and promote public health and safety, and is consistent with subdivisions (a) and (c) of Section 75065.

(c) Provide, fund, and distribute data and information to local governments and regional agencies that will assist in developing and planning sustainable communities.

(d) Manage and award grants and loans to support the planning and development of sustainable communities, pursuant to Sections 75127, 75128, and 75129. To implement this subdivision, the council may do all of the following:

(1) Develop guidelines for awarding financial assistance, including criteria for eligibility and additional consideration.

(2) Develop criteria for determining the amount of financial assistance to be awarded. The council shall award a revolving loan to an applicant for a planning project, unless the council determines that the applicant lacks the fiscal capacity to carry out the project without a grant. The council may establish criteria that would allow the applicant to illustrate an ongoing commitment of financial resources to ensure the completion of the proposed plan or project.

(3) Provide for payments of interest on loans made pursuant to this article. The rate of interest shall not exceed the rate earned by the Pooled Money Investment Board.

(4) Provide for the time period for repaying a loan made pursuant to this article.

(5) Provide for the recovery of funds from an applicant that fails to complete the project for which financial assistance was awarded.

The council shall direct the State Controller to recover funds by any available means.

(6) Provide technical assistance for application preparation.

(7) Designate a state agency or department to administer technical and financial assistance programs for the disbursing of grants and loans to support the planning and development of sustainable communities, pursuant to Sections 75127, 75128, and 75129.

(e) No later than July 1, 2010, and every year thereafter, provide a report to the Legislature that shall include, but is not limited to, all of the following:

(1) A list of applicants for financial assistance.

(2) Identification of which applications were approved.

(3) The amounts awarded for each approved application.

(4) The remaining balance of available funds.

(5) A report on the proposed or ongoing management of each funded project.

(6) Any additional minimum requirements and priorities for a project or plan proposed in a grant or loan application developed and adopted by the council pursuant to subdivision (c) of Section 75216.

(7) In making recommendations pursuant to subdivisions (a) and (b) and in providing data and information pursuant to subdivision (c), the council shall consult with and coordinate its recommendations with the Planning Advisory and Assistance Council created pursuant to Section 65040.6 of the Government Code.

SEC. 8. Section 9250.2 of the Vehicle Code, as amended by Section 15 of Chapter 707 of the Statutes of 2004, is amended to read:

9250.2. (a) The department, if requested by the Sacramento Metropolitan Air Quality Management District pursuant to Section 41081 of the Health and Safety Code or by the metropolitan planning organization which includes the district within its boundaries pursuant to Sections 9250.6 and 65083 of the Government Code, shall impose and collect a surcharge on the registration fees for every motor vehicle registered in that district, not to exceed the amount of eight dollars (\$8), as specified by the governing body of that district and metropolitan planning organization.

(b) This section shall remain in effect only until January 1, 2015, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2015, deletes or extends that date.

SEC. 9. Section 9250.6 is added to the Vehicle Code, to read:

9250.6. (a) The department shall, if requested by a metropolitan planning organization, a council of governments, or a county transportation commission and a subregional council of governments jointly preparing a sustainable communities strategy, pursuant to Section 65083 of the Government Code and Section 9250.2 or 9250.17, collect an additional fee of one dollar (\$1) or two dollars (\$2), and transmit that additional fee revenue to the metropolitan planning organization, a council of governments, or a county transportation commission and a subregional council of governments jointly preparing a sustainable communities strategy quarterly, after deducting its costs incurred in administering the additional fee from that revenue.

(b) (1) The metropolitan planning organization, the council of governments, or the county transportation commission and the subregional council of governments jointly preparing a subregional sustainable communities strategy and the local air quality management district shall contract with the department to pay for the initial setup and programming costs identified by the department. For an agency that is not the first agency to authorize the additional fee, the department shall require an additional amount to reflect each agency's per capita share of the setup costs if the costs for the first agency are substantially higher than those for subsequent agencies. These additional amounts shall be paid to the first agency establishing the additional fee.

(2) These initial setup and programming costs shall be reimbursed to the metropolitan planning organization, the council of governments, or the county transportation commission and the subregional council of governments jointly preparing a subregional sustainable communities strategy from the additional fee revenue collected.

SEC. 10. Section 9250.17 of the Vehicle Code is amended to read:

9250.17. (a) The department shall, if requested by a county air pollution control district, air quality management district, or unified or regional air pollution control district, collect fees established pursuant to Sections 44223 and 44225 of the Health

and Safety Code and by a council of governments, metropolitan planning organization, or transportation planning agency pursuant to Section 65083 of the Government Code and Section 9250.6 upon the registration or renewal of registration of any motor vehicle registered in the district, except those vehicles which are expressly exempted under this code from the payment of registration fees.

(b) After deducting all costs incurred pursuant to this section, the department shall distribute the revenues to the districts, metropolitan planning organizations, councils of government, and transportation planning agencies, based upon the amount of fees collected from motor vehicles registered within each district, metropolitan planning organization, council of government, or transportation planning agency.

(c) The department may annually expend for its costs not more than the following percentages of the fees collected pursuant to subdivision (a):

- (1) Five percent during the first year after the operative date the fee is imposed or increased.
- (2) Three percent during the second year after the operative date the fee is imposed or increased.
- (3) One percent during any subsequent year.

Approved _____, 2009

Governor